



DEPARTMENT OF THE ARMY
OFFICE OF THE ASSISTANT SECRETARY OF THE ARMY
ACQUISITION LOGISTICS AND TECHNOLOGY
103 ARMY PENTAGON
WASHINGTON DC 20310-0103

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SAAL-PP

MEMORANDUM FOR SEE DISTRIBUTION

SUBJECT: Army Production Industrial Base Responsibilities, Revision to Army Regulation (AR) 700-90

Army industrial base policies have been published in AR 700-90. However, I am revising several responsibilities to clarify who is accountable for industrial capability assessments and management of Army owned production installations.

Listed below are my overarching responsibilities for Army production industrial base management:

a. My Deputy for Policy and Procurement is responsible for industrial base policy, setting and monitoring metrics to measure Army's progress toward stated industrial base goals and also reviews all directly funded industrial base activities and capital investments.

b. Program Executive Officers (PEOs) are responsible to me for developing an acquisition strategy for their assigned programs. Accordingly, they are accountable for ensuring market surveys and industrial capability assessments support decisions made on their programs. As a matrix manager they will establish industrial base support agreements (IBSAs) with the U.S. Army Materiel Command (AMC) to clearly define what support will be provided by AMC elements.

c. The AMC will either manage or provide contract services for the day-to-day production mission at Government-owned installations consistent with IBSAs. *The AMC must make these plants efficient or the PEOs are not required to use them.*


d. The PEOs will control directly funded investments in the industrial base to develop or retain essential capability consistent with their individual mission responsibilities. The AMC will provide staff support to develop project requests and execution for investments at Government-owned installations. This will ensure the full use of their historical knowledge of installations, compliance with statutes and financial practices.

e. The PEOs must consider use of arsenals with support of AMC, based on well-established arsenal make-buy procedures.

f. The AMC will be responsible to assess the production base for items not managed by PEOs. This includes assigned Class IX items, components common to multiple PEOs consistent with IBSAs, and munitions as specified in the Single Manager for Conventional Ammunition Charter.

g. The AMC will support all PEOs by developing an overall Army industrial base posture statement for meeting transformation requirements.

I have directed my staff to expeditiously revise the responsibilities in AR 700-90 to conform with the above overarching responsibilities. A complete Chapter 2, with my approved revisions, is enclosed for your use until the Army Publication Agency incorporates the revised language.


Claude M. Bolton, Jr.
Assistant Secretary of the Army
(Acquisition, Logistics and Technology)

Enclosure

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Chapter 2, AR 700-90 (As of 18 March 2003)
Responsibilities

2-1. Assistant Secretary of the Army for Acquisition, Logistics, and Technology (ASA(ALT))

The (ASA(ALT)) will—

- a. Establish policy and goals for the Army Industrial Base Program.
- b. Establish and maintain performance metrics in conjunction with other Army staff elements and evaluate the Army's performance against the metrics.
- c. Serve as Army focal point for the annual DOD report to Congress mandated in 10 USC 2504.
- d. Evaluate industrial deficiencies/problems in conjunction with Deputy Chief of Staff, G-3 (DCS, G-3) and Deputy Chief of Staff, G-4 (DCS, G-4) and assign the lead for selected assessment of industrial capacity to Program Executive Officers (PEOs), U. S. Army Materiel Command (AMC) or U.S. Army Space and Missile Defense Command (SMDC) depending on scope of problems and assessments. The PEO will use program funds. The AMC and SMDC will use the industrial preparedness operations account (see para 6-2) to fund assigned assessments.
- e. Review research, development, procurement, and operations and maintenance, Army (OMA) resource requests for compliance with the industrial base policy.
- f. Assess annually which Government-owned contractor-operated (GOCO) factories and plant equipment packages require re-certification. (DODD 4275.5, enclosure 1, paragraph E1.1.7.)
- g. Provide interface with the Office of the Secretary of Defense (OSD), Joint Chiefs of Staff, and other Services on joint industrial base matters.
- h. Ensure Army elements evaluate the industrial base ability to support transitioning to the objective force structure.
- i. Review and approve industrial base procedures to be added to the Army's industrial base Web page. The AMC is the proponent for the industrial base web page.
- j. Decide whether an Army item or component should be made in an arsenal or bought from the private sector in those cases where the Program Executive Officer (PEO) and AMC disagree. (see para 2-7d(4) and 2-10e. These make or buy analyses are accomplished under the authority of 10 USC Section 4532.)

k. Serve as Army point of contact to OSD on the impact of proposed defense industry mergers and acquisitions and coordinate with HQs, AMC, and applicable PEOs.

l. Serve, consistent with applicable delegation(s) of authority or charter(s), as the Single Manager for Conventional Ammunition (SMCA) (DODD 5160.65, paragraph 4-1). This includes the authority, in accordance with Section 806 of the Strom Thurman National Defense Authorization Act for Fiscal Year 1999 and 10 USC 2304(c)(3) to limit specific procurements of conventional ammunition to sources within the national technology and industrial base (NTIB) when such limitation is necessary to maintain a facility, producer, manufacturer, or other supplier available for furnishing an essential item of ammunition, or ammunition component, in case of national emergency or to achieve industrial mobilization.

2-2. Assistant Secretary of the Army (Financial Management and Comptroller) (ASA(FM&C))

The ASA(FM&C) will manage the programming and budgeting system. This involves advising program managers on deadlines for program and budget requests and issuing policy guidance on the Army management structure (see DFAS 37-100-FY) and the sale and out-lease (10 USC 2667) of Army assets.

2-3. Assistant Secretary of the Army (Installations and Environment) (ASA(IE))

The (ASA(I&E)) will—

a. Provide Army policy on real property, installation management, and environmental management.

b. Act on requests to excess industrial installations that are identified as no longer needed for a materiel mission. This includes screening Army and other Department of Defense (DOD) components for reutilization, transferring the real estate to other defense entities with a need, or obtaining Secretary of the Army approval to declare the installation excess to the Army's need. When applicable, these actions must comply with the Base Realignment and Closure Act (BRAC) (10 USC 2687).

2-4. Deputy Chief of Staff, G-3 (DCS, G-3)

The DCS, G-3 will—

a. Provide guidance on materiel requirements; validate, approve, and prioritize requirements for industrial base assessments. This includes guidance and prioritization regarding identified shortfalls, replenishment, reconstitution, and identified contingencies.

b. Plan for analysis of industrial base responsiveness during exercise play.

c. Develop and publish priorities for hardware programs, war reserve stocks, and industrial preparedness measures that support war reserve and replenishment objectives.

d. Develop war reserve requirements for Class V (munitions) and Class VII (major end items).

e. Develop US Army critical items list (CIL).

f. Review industrial capabilities assessments (ICAs) as they pertain to augmentation of war reserve stocks.

2-5. Deputy Chief of Staff, G-4 (DCS, G-4)

The DCS, G-4 will—

a. Evaluate logistics program for opportunities to improve readiness and sustainability with industrial preparedness measures.

b. Review ICAs as they pertain to sustainability and augmentation of war reserves under their purview.

c. Assist DCS, G-3 staff in developing guidance on materiel requirements for logistics planning.

d. Manage the industrial mobilization capacity (IMC) and industrial preparedness operations (IPO) accounts. Use DCS, G-3 priorities to prepare program and budget guidance for these assigned accounts. This includes Program Objective Memorandum (POM) and budget requests that affect industrial base budget lines.

e. Develop and publish requirements for those classes of supply under DCS, G-4's purview, indicate priorities and prepare guidance, such as, end of POM, near-term combatant commanders shortfalls and replenishment, reconstitution, and contingencies.

f. Serve as the Army point of contact for the Defense Strategic and Critical Materials and National Stockpile Program.

2-6. Assistant Chief of Staff for Installation Management (ACSIM)

The ACSIM will—

a. Manage the Installation Management Agency. The Installation Management Agency provides matrix support for the selected skills needed to operate and maintain an installation (such as, environmental, real estate,

physical security, property accountability, facility maintenance, utilities, fire prevention, and protection).

b. Manage disposal of excess real property and associated personal property, including development of disposal plans.

2-7. The Commanding General (CG), U.S. Army Materiel Command (AMC)

The CG, AMC will—

a. Provide matrix support to PEOs and Product/Program/Project Managers (PMs). Relationships and responsibilities between AMC and PEOs/PMs will be established by support agreements. Agreements will address all aspects of industrial base planning and support.

b. Conduct ICAs for assigned commodities.

c. Conduct “selected assessments” of industrial base capacity based on tasking from ASA(ALT) using IPO funds. Coordinate with other Services, Defense Logistics Agency (DLA), Department of Commerce, other agencies and industry to gather information required for evaluating the ability of the industrial base to respond to military materiel needs as well as requirements for homeland defense.

d. Manage Army Government-owned Government-operated (GOGO) production installations consistent with PEO/PM industrial base support agreements. This includes:

(1) Developing and implementing a strategy, in collaboration with affected PEOs, to assure facilities are modernized, as necessary to enhance operational effectiveness and efficiencies. Capitalization policies are in chapter 5 and if direct funding is justified, chapter 6 has guidance for programming Production Base Support Program (PBSP) or production funds. Execute PBSP Projects. Coordinate with Corps of Engineers on construction projects in accordance with AR 415-15, as appropriate.

(2) Planning, programming and budgeting activities for IPO and IMC funding (see paragraphs 6-2&3 below). Coordinate appropriate program elements of IPO and IMC with PEOs and PMs who benefit from the industrial base planning and production capacity.

(3) Matching materiel requirements from all customers and foreign military sales (FMS) to installation capacity.

(4) Make or buy analysis under the authority of 10 USC 4532: Prepare analysis for AMC managed items and coordinate with applicable PEO/PM with life cycle responsibility. For PEO/PM managed items prepare “make” estimate for

item/component that is potentially more economically manufactured at an arsenal. Provide to the applicable PEO/PM early in the acquisition life cycle so as not to disrupt program milestones.

e. Exercise command and control over Army Government-owned Contractor-operated (GOCO) production installations. This includes--

(1) Performing contracting functions for materiel development, production missions, installation functions and execute PBSP projects, in accordance with industrial base support agreements with individual PEOs. Ensure contracts are compatible with: Program acquisition strategies, capitalization policies in chapter 5 and paragraphs 2-10.d&f.

(2) Implementing Armament Retooling and Manufacturing Support (ARMS) program at GOCO ammunition plants in accordance with paragraph 5-7 below and PEO/PM support agreements. (10 USC 4551, 10 USC 4552, 10 USC 4553, 10 USC 4554, and 10 USC 4555.)

f. Develop and implement a phase down of ownership plan for Army owned production installations in coordination with applicable PEOs/PMs. The phase down of ownership plan will be consistent with Acquisition Plans for affected programs (See para 2-10f below). Prepare justifications for continued ownership when recertification is requested by ASA(ALT). (DoDD 4275.5, enclosure 1, paragraph E1.1.2). Prepare reports of excess (ROE) for real estate and submit ROE to ACSIM for action.

g. Manage automated information systems to support the Army Industrial Base Program.

h. Assist ASA(ALT) in assessing the impact of proposed defense mergers and acquisitions.

i. Exercise HQDA responsibility in coordination with PEOs/PMs for Defense Production Act (DPA) Title I, Defense Priorities and Allocations System (DPAS); Diminishing Manufacturing Sources and Material Shortage (DMSMS), and DPA Title III, Expansion of Productive Capacity and Supply.

j. Serve as the proponent for management and administration of the Government –Industry Data Exchange Program (GIDEP) within the Army.

k. Aggregate and publish an Army industrial preparedness planning list (IPPL) comprised of items and components identified by PEOs as necessary to either monitor or take action to ensure sufficient capacity for operational, combat and contingency requirements.

l. Manage the Army's industrial base Web page, which contains industrial base procedures as guides for field activities.

m. Support ASA(ALT) in developing metrics and measure performance against metrics applicable to AMC's mission.

2-8. Commanding General, U.S. Army Space and Missile Defense Command (CG, USASMDC)

The CG, USASMDC will—

a. Provide matrix support to PEOs and PMs. Relationships and responsibilities between SMDC and PEOs/PMs will be established by support agreements. Agreements will address all aspects of industrial base planning and support.

b. Conduct ICAs for assigned commodities.

c. Conduct "selected assessments" of industrial base capacity based on tasking from ASA(ALT) using IPO funds.

d. Assist ASA(ALT) in assessing the impact of proposed defense mergers and acquisitions.

e. Contribute to development of performance metrics and measure performance against the metrics.

2-9. Commanding General, U.S. Army Corps of Engineers (CG, USACE)

The CG, USACE will—

a. Provide technical advice and assistance on real property matters, including acquisition, maintenance, and disposal.

b. Manage and execute facilities design and construction programs at Government-owned Government-operated (GOGO) installations. Review design of construction projects at Government-owned contractor-operated (GOCO) installations and monitor execution.

c. Issue leases, licenses, easements, and other appropriate real estate documents.

d. Execute and supervise real property engineering, construction, and real estate services for the Army.

e. Obtain approvals related to construction, such as architect/engineer (A/E) selections.

2-10. Program executive officers (PEOs) and project/product managers (PMs)

The PEOs and PMs will—

- a. Assess the ability of the industrial base to support the life cycle requirements for assigned program(s). Rely on the private sector to the maximum extent possible unless Army owned factories are more economical. Consider the NTIB in the development and implementation of acquisition plans for each major defense acquisition program. (See app C.) (10 USC 2440)
- b. Identify end items and components needing monitoring or actions to ensure sufficient capacity is sustained to satisfy life cycle requirements. The aggregate of these end items and components is published by AMC in the Army's IPPL.
- c. Monitor the health of critical elements of the industrial base supporting their programs and elevate industrial base deficiencies/problems to the ASA(ALT) and CG, AMC staffs when problems have a potential impact on other DOD programs.
- d. Plan, program and budget RDT&E and PA subject to normal HQDA review and approval. Manage Production Base Support Program for assigned programs. Review AMC's budget requests for IPO and IMC funded activities to confirm the planning is needed and the production requirement being protected is valid. Potential financial accounts involved are listed in Chapter 6.
- e. Make or buy analysis under the authority of 10 USC 4532: Prepare analysis for PEO/PM managed items in coordination with AMC early in the acquisition life cycle so as not to disrupt program milestones. AMC will furnish "make" estimates. Review "make or buy" analyses for AMC managed items that are part of the PEO/PM's life cycle management responsibility. Submit analyses to ASA(ALT) for a decision when PEO/PM and AMC disagree. (see paragraphs 2-1j and 7d(4) above.)
- f. Develop and implement a strategy to incentivize industry to compete, invest and modernize the industrial base for assigned programs. The strategy should assure the Army owned industrial base production facilities are modernized as necessary to enhance operational effectiveness and efficiencies and to meet emerging requirements. The PEOs/PMs shall collaborate with AMC according to support agreements. Capitalization policies are in chapter 5 and if direct funding is justified, chapter 6 has guidance for programming PBSP or production funds. Coordinate with Corps of Engineers on construction projects in accordance with AR415-15, as appropriate.
- g. Assist ASA(ALT) in assessing the impact of proposed mergers and acquisitions.

h. Develop and implement a phase-down of ownership plan, modernization plan, and justification for continued ownership of Army-owned equipment at contractor-owned, contractor-operated (COCO) factories that exists to manufacture materiel assigned to the PEO/PM. Based on acquisition strategy for assigned programs, identify Army GOGO or GOCO phase down of ownership candidates to AMC for action. (DODD 4275.5, enclosure 1, paragraph E1.1.2.)

i. Integrate industrial base considerations into the acquisition process in accordance with appendix C of this regulation.

j. Support ASA(ALT) in developing metrics. Report performance of assigned programs against the metrics.

k. Support AMC on GIDEP, DPAS, and DMSMS matters. Plan and budget RDT&E and PA funds for corrective actions related to assigned programs.

l. Develop and maintain a Production Base Plan (PBP) as required by paragraph 3–8. The plan identifies capacity weaknesses for a program, proposed actions to solve problems and the status of those actions.